

Message Text

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E.O. 11652: N/A
TAGS: OVIP (CARTER, JIMMY)
SUBJECT: PRESIDENTIAL VISIT: TRADE AND INVESTMENT
TALKING POINT

1. AS THE TOPICS FOR THE PRESIDENT'S VISIT TO VENEZUELA TAKE FORM, WE WOULD LIKE TO SUGGEST A FURTHER ISSUE WHICH IS SIGNIFICANT NOW AND DESTINED TO BECOME MUCH MORE IMPORTANT: AMERICAN BUSINESSMEN AND INVESTORS ARE LOSING MARKET POSITION AND INVESTMENT OPPORTUNITIES TO OTHER INDUSTRIALIZED COUNTRIES AT A CRUCIAL PERIOD IN VENEZUELA'S BASIC INDUSTRIAL AND INFRASTRUCTURE DEVELOPMENT WHEN THE DIRECTION OF FUTURE VENEZUELAN ECONOMIC AND TRADING TIES ARE BEING FORGED. THIS IS HAPPENING FOR A VARIETY OF REASONS: (A) VENEZUELA HAS PURPOSELY LOOKED TO OTHER NATIONS IN ORDER TO REDUCE ITS ECONOMIC TIES WITH AND WHAT IT PERCEIVES AS TECHNOLOGICAL DEPENDENCE ON THE UNITED STATES (B) GOVERNMENTS AND BUSINESS IN OTHER COUNTRIES HAVE A CLOSER WORKING RELATIONSHIP FEWER LEGAL RESTRAINTS, AND MORE OVERALL FLEXIBILITY IN ACHIEVING THEIR BUSINESS GOALS WITH VENEZUELAN OFFICIALS AND BUSINESSMEN; (C) SOMETIMES U.S. COMPANIES HAVE NOT BEEN ABLE TO MEET COMPETITORS' PRICES AND OTHER TERMS; (D) OTHER INDUSTRIALIZED NATIONS ARE OFFERING CLOSE SUPPORT TO THEIR EXPORTERS AND INVESTORS BECAUSE THE GOVERNMENTS ARE INTENSELY EXPORT ORIENTED. THIS CLOSE SUPPORT INCLUDES DIRECT APPROACHES

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BY KINGS, PRIME MINISTERS AND PRESIDENTS TO VENEZUELAN PRESIDENT PEREZ, SEEKING MORE TRADE AND INVESTMENT OPPORTUNITES.

2. WHILE POINTS (A), (B) AND (C) ABOVE ARE NOT WITHIN USG SHORT TERM CONTROL, POINT (D) CAN BE UTILIZED NOW AND THE IMMEDIATE TASK IS TO PREVENT FURTHER EROSION OF OUR POSITION IN VENEZUELA WITH THE RESOURCES WE HAVE AT HAND.

FOLLOWING THE PRECEDENT IN (D) ABOVE, CAREFUL CONSIDERATION SHOULD BE GIVEN TO HAVING THE PRESIDENT ADVOCATE OUR COMMERCIAL AND INVESTMENT INTERESTS WITH PRESIDENT PEREZ ON MARCH 28/29 ALONG THE FOLLOWING SUGGESTED LINES: VENEZUELA IS AN IMPORTANT MARKET FOR US, A GROWING ECONOMY AND A PROMISING AREA FOR INVESTMENT AND THE TRANSFER OF TECHNOLOGY FROM THE UNITED STATES. WE FEEL WE CAN MAKE POSITIVE CONTRIBUTIONS TO VENEZUELA'S DEVELOPMENT THROUGH TWO-WAY TRADE AND INVESTMENT. WE WANT TO MAINTAIN STRONG ECONOMIC TIES WITH VENEZUELA. AT THIS POINT, WE ARE RUNNING ALMOST ONE BILLION DOLLARS OF TRADE DEFICIT, USING LAST YEAR'S TRADE FIGURES (U.S. IMPORTS FROM VENEZUELA \$4.072 BILLION, VENEZUELAN IMPORTS FROM THE U.S. \$3.170 BILLION.) OUR COMMERCIAL POSITION RELATIVE TO OTHER INDUSTRIALIZED COUNTRIES IS DETERIORATING, AND PARTICIPATION OF U.S. COMPANIES IN THE NEW INDUSTRIALIZATION AND INFRASTRUCTURE PROJECTS UNDERTAKEN TO DATE BY VENEZUELA HAS BEEN RELATIVELY MINOR. WE HOPE THAT WILL CHANGE AND THAT U.S. COMPANIES WILL SECURE A MORE REPRESENTATIVE SHARE OF THE BUSINESS AND INVESTMENT OPPORTUNITIES IN THE FUTURE. AMONG THE AREAS WHERE U.S. EXPERIENCE AND EXPERTISE MESH WITH VENEZUELA'S NEEDS ARE THE DEVELOPMENT OF ITS TAR BELT, COAL AND BAUXITE DEPOSITS AS WELL AS ELECTRONIC SWITCHING SYSTEMS FOR TELECOMMUNICATIONS AND MULTI-PURPOSE NAVIGATIONAL SYSTEMS (LORAN C).
VAKY

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